

**AN ORDINANCE
BY FINANCE/ EXECUTIVE COMMITTEE**

AN ORDINANCE TO RATIFY AND AFFIRM THAT CERTAIN INTER-DEPARTMENTAL MEMORANDUM OF UNDERSTANDING BETWEEN THE DEPARTMENT OF FINANCE AND THE DEPARTMENT OF WATERSHED MANAGEMENT DATED DECEMBER 23, 2008, ESTABLISHING THE TERMS AND CONDITIONS FOR THE REPAYMENT OF AN OBLIGATION OWED BY THE GENERAL FUND TO THE WATERSHED MANAGEMENT ENTERPRISE FUND; AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta ("City") General Fund has accumulated an obligation to the Watershed Management Enterprise Fund in the amount of \$116,199,000 over the course of time; and

WHEREAS, this obligation is attributable to subsidies made by the General Fund to cover various City debts; and

WHEREAS, fundamental changes have been made to the operation of certain funds and fund-related budgeting practices to ensure the repayment of the accrued debts; and

WHEREAS, the Department of Watershed Management and the Department of Finance have established a Memorandum of Understanding to set forth the terms and conditions for repayment of the obligation.

THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA, HEREBY ORDAINS as follows:

SECTION 1: That the City Council hereby ratifies and affirms that certain Memorandum of Understanding dated December 23, 2008 (attached hereto), between the Department of Finance and the Department of Watershed Management, which establishes the terms and conditions for the repayment of \$116,199,000 owed by the General Fund to the Watershed Management Enterprise Fund.

SECTION 2: That this obligation shall be repaid at the rate of \$10,000,000 per year plus 3% interest per annum.

SECTION 3: That all ordinances and parts of ordinances in conflict herewith are hereby waived to the extent of the conflict.

CITY OF ATLANTA INTER-DEPARTMENTAL
MEMORANDUM OF UNDERSTANDING BETWEEN THE DEPARTMENT OF FINANCE
AND THE DEPARTMENT OF WATERSHED MANAGEMENT

This Inter-Departmental Memorandum of Understanding ("Memorandum") is entered into this ~~23~~²⁴ day of December, 2008 between the City of Atlanta Department of Finance ("DOF") and the City of Atlanta Department of Watershed Management ("DWM").

BACKGROUND:

The City of Atlanta (the "City") maintains a cash pool account into which funds from the General Fund and the Watershed Management Enterprise Fund (the "Watershed Fund") are deposited for permitted investment purposes. Over the course of time, the General Fund has accumulated an obligation to the Watershed Fund in the aggregate amount of the final audited balance in Attachment "A".

This obligation is attributable to, among other reasons, subsidies that the General Fund has made to cover long-standing systemic operational deficits in the Solid Waste Fund and the E911 Fund; to cover timing differences in the financing of the new Public Safety Headquarters; and to finance rolling stock acquisitions more appropriately financed through the Georgia Municipal Association. It is reasonable to expect the City to repay the aggregate amount as it corrects these three circumstances. Having made fundamental changes to the operations of the Solid Waste and E911 Funds, and corrected certain fund-related budgeting practices, the City reasonably expects these funds to generate cash flow to repay the accrued debts. Further, it is expected that the sale of City Hall East will cover any amounts attributable to the Public Safety Headquarters. Finally, the City is pursuing long-term financing of recent rolling stock purchases through the Georgia Municipal Association.

The purpose of this Memorandum is to set forth the terms and conditions of repayment of the aggregate amount noted above.

REPAYMENT SCHEDULE:

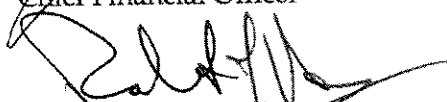
The Chief Financial Officer will cause the principal amount of the final audited balance in Attachment "A" to be repaid at the rate of \$10,000,000 per year plus 3% interest per annum. Interest will begin to accrue upon execution of this Memorandum. Funds will be transferred from the appropriate General Fund account(s) to the appropriate Watershed Fund account(s) until the total obligation, including accrued interest, is repaid.

These sums shall be paid on an annual basis by inter-departmental journal transfers. Transfer requests shall be prepared by DWM and submitted to the DOF for processing. Payments shall commence on July 1, 2009 and shall continue until the later of July 2, 2018 or until the obligation is fully repaid.

Approved By:



James W. Glass
Chief Financial Officer



Robert J. Hunter, Commissioner
Department of Watershed Management



Gregory J. Giornelli
Chief Operating Officer

Attachment A
MOU Between Department of Finance and DWM

Interest per annum 3%

	<u>Interest Pmt</u>	<u>Principal Pmt</u>	<u>Total Annual Payment</u>	<u>Outstanding Balance</u>
Total Amount Payable as of 6/30/2008				\$ 116,199,000
July 1, 2009	\$ 3,485,970	\$ 10,000,000	\$ 13,485,970	\$ 106,199,000
July 1, 2010	3,185,970	10,000,000	13,185,970	\$ 96,199,000
July 1, 2011	2,885,970	10,000,000	12,885,970	\$ 86,199,000
July 1, 2012	2,585,970	10,000,000	12,585,970	\$ 76,199,000
July 1, 2013	2,285,970	10,000,000	12,285,970	\$ 66,199,000
July 1, 2014	1,985,970	10,000,000	11,985,970	\$ 56,199,000
July 1, 2015	1,685,970	10,000,000	11,685,970	\$ 46,199,000
July 1, 2016	1,385,970	10,000,000	11,385,970	\$ 36,199,000
July 1, 2017	1,085,970	10,000,000	11,085,970	\$ 26,199,000
July 1, 2018	785,970	10,000,000	10,785,970	\$ 16,199,000
July 1, 2019	485,970	10,000,000	10,485,970	\$ 6,199,000
July 1, 2020	185,970	6,199,000	6,384,970	\$ -

Payable annually by inter-departmental journal transfers commencing on July 1, 2009.
Payments shall continue until the later of July 2, 2018 or until the obligation is fully repaid.

Inter-Departmental Billing: Amortization Schedule for Amounts Owed by the General Fund

GENERAL FUND									
AS OF JUNE 30, 2008									